

Transaction tax control algorithm between related persons

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Abstract

© Medwell Journals, 2015. Since 2012, a new type of inspection is introduced as the tool for transaction monitoring between related persons using the chapter v.I of the Russian Federation Tax Code, the check of tax calculation and payment completeness due to the settlement of transactions between related persons. These checks are referred to the competence of the central office of the Federal Tax Service of Russia but carried out at the tax authority location like during a desk tax audit. The classification of stages concerning the check of tax calculation and payment completeness is proposed and developed due to the settlement of transactions between related persons. It was found that during the transaction tax control analysis between related persons it is advisable to determine the following stages: preparatory stage; the stage of decision taking concerning an inspection; the stage of the audit performance; the stage of violations determination at the end of the inspection; the stage of resolution taking in respect of revealed violations. The algorithms of method implementation are also proposed (the method of comparable market prices, resale price method, expensive method, comparable profitability method, the method of profit distribution) according to which the fact of applied and market price compliance in the transactions between the related persons is justified and confirmed. After the analysis of methods used in the tax control of transactions between related parties, it is possible to structure the problems of each method application. It was determined that the main drawback in the Russian context is in the selection of comparable transactions in order to consider the analyzed transaction.

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Keywords

Controlled transactions, Interdependent persons, Russian federation tax code, Tax control methods, The algorithm of tax control